

total net debt, \$106,472,034 is not a debt created by the Dominion for its own uses, but simply represents debt of the Provinces forming the Dominion, and which has been assumed by the Federal Power. Subtracting this amount from the total net debt of \$237,533,211 leaves a net debt of \$131,061,177 incurred by the Dominion **for its own uses** from 1867 to 1890 inclusive.

HOW HAS THIS BEEN INCURRED ?

1. The North-West, a vast and fertile country, stretching from the western confines of Ontario to the Pacific ocean, and from the northern boundary of the United States to the Polar seas, and containing an area of 2,708,250 square miles, incalculably rich in agricultural, mineral, lumber and fish resources, was purchased from the Hudson Bay Company, and incorporated into the Dominion. It has been organized and opened up for settlement at a total capital cost, including expenditure on Dominion lands, of \$6,043,294.

2. The Intercolonial Railway, connecting Halifax and St. John with the Central system at Quebec and its complements in Prince Edward Island and Nova Scotia, and forming a necessary and invaluable means of intercommunication, has been built at a capital cost of \$43,354,562.

3. The Canadian Pacific Railway, connecting with its own rails Vancouver on the Pacific to Toronto, Montreal, Quebec and St. John on the Atlantic seaboard, and with numerous branch lines to other sections, forms a magnificent line of over 5,500 miles in length, and superior in equipment and construction to any great line of railway in the world. This has been aided by the Dominion to the extent of \$61,940,580 in cash.

4. The Canal system of Canada which opens the finest water communication in the world, has been extended and is now nearly completed at a capital cost of \$33,868,296, and the St. Lawrence river, the main river artery of our commerce, made navigable for vessels of deepest sea draught up to Montreal at a cost of \$2,725,504.

To recapitulate then, Canada has expended on these magnificent and essential works as follows:—

N. W. Territories.....	\$ 6,043,294
I. C. R. and connected Railways.....	43,454,562
The Canadian Pacific R.R.....	61,940,580
Canal and River improvement.....	36,593,800

Total.....\$148,032,236

Thus we see that the sum of \$131,061,177 net debt incurred by Canada since Confederation for her own uses is more than accounted for by the purchase and organization of the North-West, the perfecting of our canal system, the construction of our Intercolonial, and the aid given to the C. P. Railway.

And, besides this, we have erected public works of utility in every part of the Dominion, built our Parliament buildings at Ottawa, and surveyed, and made ready for settlement in the North-West, lands sufficient for an empire. This the Government has been able to do out of revenue.

Will any reasonable, thoughtful Canadian, when he places on one hand the debt incurred, and on the other the inestimable advantages of the great public works above enumerated, say that Canada has not full value for the money expended? What would Canada be to-day without her fertile North-West, her vast and complete lines of railway and canal transport, which form the essential arteries of commercial life and warrant her national existence and prosperity?

But it must be remembered that the increase of debt so much talked about by the Opposition leaders and press, was not all incurred under the Liberal Conservatives. Unfortunately for Canada, a Reform Government was in power from 1874 to 1879, and this Government has left a record behind it with regard to debt increase which it will to be instructive to recall.

On the 1st July, 1873, the net debt of Canada was \$99,848,461. The Reformers took office during that year, and remained in power until 1878. On the 1st July, 1878, the net debt of Canada had reached \$140,362,069. The increase during their administration was \$40,513,608, an average increase of \$8,102,721 per year.

The average increase for the eighteen years of Liberal-Conservative administration has been \$6,700,000 per year. But it must be remembered that the many expenditures upon the Intercolonial Railway, the C. P. Railway, the North-West Territory, and almost the whole increased debt allowances to provinces, occurred during the Liberal-Conservative administration. If we take out the allowances to provinces in both cases, the average increase of net debt under the Reform Government is \$7,100,000, whilst the average increase under the Liberal-Conservative Governments has been only \$5,300,000 per year.

One can scarcely see on what grounds the Opposition denounce the Government for increasing the net debt at a rate of \$1,800,000 per annum less than the increase under their own administration, especially when one recollects that this increase of \$7,100,000 per year was not justified by expenditure in profitable public works, but was largely used to cover up the notorious deficit of nearly \$2,600,000 which signalized their brilliant financial administration.

THE BURDEN OF DEBT.

But in all this talk about the debt it is well to take account of another consideration.

The measure of the burden of debt is the yearly interest which it bears and which a people has to pay. If we look at the debt of Canada in this way we shall find a sufficient antidote for any alarms that may have been caused by extravagant assertions as to the crushing nature of our debt. The net debt at Confederation was \$75,000,000. This, remember, was simply the aggregation of the debts of the four Provinces which then formed Canada, and was merely transferred from the Provinces, individually, to them collectively. The interest on this amount divided by the population at that period gave \$1.29. That is, the burden of debt in 1867 before the Dominion had added one cent to the Public Debt, was \$1.29 per head of the population.

On the 1st July, 1873, when the Liberal-Conservative Government went out, the burden or interest of the debt amounted to

\$1.31 for each person, an increase of two cents per head in five years, or of 2-5 of a cent per year.

On July, 1878, the beginning of the fiscal year when the Reform Government went out of office, the burden or interest on the net debt had increased to \$1.58 per head, an addition under the Reform Government of twenty-seven cents per head during five years, or over 5 2-5 cents per head per year.

On July 1st, 1890, the burden of the net debt, or interest per head, was only \$1.65, an increase in 12 years of only 7 cents, or 7-12 of one cent per year.

But since 1878 Canada has built the C. P. R., the Short Line, the Cape Breton Road, deepened its canals and rivers and liberally subsidized new lines of railway and steamship communication. And all this has been done at the added burden for interest of 7-12 of one cent per head per year so far as the public debt is concerned.

DEBT NOT TO INCREASE.

A glance at the columns of gross and net debt at the head of this paper will show that for the year 1890 there has been a decrease of \$1,609,767 in the gross debt, while the net debt is practically the same as that of 1889. This is in strict accord with the policy announced by Hon. Mr. Foster in his Budget Speech of 1889, when he said:

"Taking for granted that the condition of the country during the three years to come shall be equally prosperous with its condition to-day, and should no extraordinary events arise to cause extraordinary expenses for the three years ending June 30, 1892, we ought to meet our capital engagements, pay what we have to pay in the running expenses of the country, and add not one dollar to the net debt of the country. What I mean is this, if I have not made myself clear, that, counting in the sinking fund investment, which is laid up as against the gross debt, we ought in the next three years to meet all our capital engagements to the amount I have mentioned (\$12,789,789) and at the end of that time have no greater debt than we shall have on July 1, 1889

After 1892, with equal prosperity, with an increased population and with consequently increased contributions to the revenue, on the same rate of tariff, I believe that, unless extraordinary events occur which call for extraordinary expenditure, this country ought to go on for a series of years without any increase of debt at all, providing for necessary capital expenditure and the services of the country out of the revenues which come in to make up the consolidated revenue of the country."

With this policy carried out Canada will be in the proud position of having formed a powerful confederation, added to it a magnificent public domain of unexampled richness, of having opened this up with railway and water lines of communication second to none in the world, and grandly equipped herself for her commercial and industrial race with the great nations of the world, and of having done it by increasing a debt which bears with an increased burden of only 36 cents per head of her population more than was borne at 1867, before any new debt had been created, and which will rapidly diminish in *per capita* burden with the increase of our population. Other nations have incurred immense debts for war, and havoc and waste, for the maintenance of non-productive standing armies and the preparation of costly war equipment: Canada's debt has been incurred in promoting the unity, the development and the permanency of a country now prosperous and destined to a still more wonderful prosperity.

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